

## CITY OF ELK GROVE, CALIFORNIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

Management Response: Contractors and staff were not aware of the progress billing restrictions related to this grant. We have trained all involved parties and will adhere to the guidelines.

## STATUS OF PRIOR YEAR FINDINGS:

None

## C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAM AUDIT

## CURRENT YEAR FINDINGS:

Finding 2007/08-6U.S. Department of Transportation, Highway Planning and Construction-CFDA No. 20.205

Criteria: OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, OMB Circular A-133 *Compliance Supplement* and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, contain compliance requirements that must be met by recipients of federal awards, including the requirement to verify contractors used are not suspended or debarred from bidding on federally funded contracts.

Condition: The City did not independently verify each contractor used was not suspended or debarred from bidding on federally funded projects by reviewing the excluded party listing on the Excluded Party Listing System (EPLS) website. On one project (CFDA# 20.600, National Traffic Safety Administration, passed-through the State of California Office of Traffic Safety), a program manager was not aware of the requirement to verify contractors used were not suspended or debarred and in another instance (CFDA# 20.205, U.S. Department of Transportation Federal Highway Administration passed-through the State of California Business, Transportation and Housing Agency) the program manager indicated it was verified that the contractor was not suspended or debarred, but did not maintain proof of this verification in the grant file.

Effect: Although no contractors that worked on projects funded by the program had been suspended or debarred based on a subsequent review of the EPLS website, the City could have been subject to requests for reimbursement by the grantors for expenditures to suspended or debarred contractors.

Cause: This requirement and other compliance requirements for federally funded contracts were not contained in the City's purchasing manual.

Recommendation: We recommend the City include a section in its purchasing manual requiring the program manager to verify contractors used were not suspended or debarred from bidding on federally funded contracts, document the requirements of the Davis-Bacon Act to pay prevailing wages and have the contractor certify prevailing wages are paid, and other federal compliance requirements such as open competition, basis for awarding the contract and length of time to retain federal contract files.

Management Response: The City will implement safeguards during the contract award process involving federal funds to ensure the recommended contractors are not suspended or debarred and document accordingly.

## STATUS OF PRIOR YEAR FINDINGS:

None

Revision  
8/3/09